

AN ORDINANCE     100200

**AUTHORIZING THE TERMINATION OF BOTH THE ASSIGNMENT AND TAX PHASE-IN AGREEMENTS WITH ALCOA INC. AND APPROVING THE TERMS AND AUTHORIZING EXECUTION OF A SETTLEMENT AGREEMENT AND RELEASE EFFECTIVE OCTOBER 1, 2004 THAT RECAPTURES APPROXIMATELY \$430,943 IN PREVIOUSLY ABATED TAXES.**

\* \* \* \* \*

**WHEREAS**, in July 1989, the City Council approved Ordinance No. 69924 which authorized the Tax Abatement Agreement (the "Golden Agreement") between Golden Aluminum Company ("Golden Aluminum") and the City of San Antonio (the "City"); and

**WHEREAS**, the 15-year abatement of 34% of the ad valorem taxes for real and personal property improvements made at the plant located at 14555 Old Corpus Christi Road was to be effective January 1, 1991 through December 31, 2005; and

**WHEREAS**, in August 1999, Golden Aluminum announced its intent to close the San Antonio plant and terminate the positions of its employees; and

**WHEREAS**, Alcoa Inc. ("Alcoa") made inquiries in September 1999 about purchasing the Golden Aluminum plant and obtaining an assignment of the Golden Agreement with the City; and

**WHEREAS**, City Council subsequently approved this assignment request in Ordinance No. 90829, passed and approved on November 4, 1999; and

**WHEREAS**, Alcoa applied for a separate Tax Phase-In Agreement (the "Alcoa Agreement"), for improvements made to expand the plant, which was approved in March 2000 for a 100% personal property abatement for a 10-year term effective January 1, 2001 through December 31, 2010; and

**WHEREAS**, as part of the Alcoa Agreement, the company was required to make a minimum investment of \$30 million in improvements to retrofit the manufacturing facility and maintain at least 100 employees; and

**WHEREAS**, on April 14, 2004, the City was notified of Alcoa's intention to temporarily curtail their operations at their San Antonio facility; and

**WHEREAS**, Alcoa has exceeded the required personal property investment by over \$20 million, has previously met the required job creation and wage standards under both Agreements, has exhibited due diligence in notifying the City regarding their operational plans and is providing services and assistance to its employees in finding alternate employment, training and/or relocation; and

**WHEREAS**, the City and Alcoa desire to terminate both the assigned Golden Agreement and the Alcoa Agreement and have agreed to a mutual Settlement and Release Agreement which provides that they will pay taxes due for Fiscal Year 2004, which are estimated to be \$298,817, as well as approximately \$430,943 in previously abated ad valorem taxes under the assigned Golden Aluminum

Agreement and Alcoa Agreement, all to be effective October 1, 2004 with the recaptured taxes payable by September 1, 2005; and

**WHEREAS**, the City Council finds that it is in the best interest of the City to terminate the Golden and Alcoa Agreements and enter into the Settlement and Release Agreement, more particularly described in Attachment I; **NOW THEREFORE:**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:**

**SECTION 1.** The City Council hereby authorizes the termination of the Golden Aluminum Tax Abatement Agreement assigned to Alcoa Inc. effective October 1, 2004.

**SECTION 2.** The City Council hereby authorizes the termination of the Tax Phase-In Agreement with Alcoa Inc. effective October 1, 2004.

**SECTION 3.** The City Council approves the terms of the Settlement and Release Agreement, a copy of which is attached hereto and incorporated herein as Attachment I.

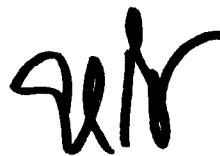
**SECTION 4.** The Interim City Manager or his designee is authorized to execute the Settlement and Release Agreement in Section 3 above within sixty (60) days from the effective date of this ordinance.

**SECTION 5.** Upon receipt, the amount of tax recaptured shall be deposited into the General Fund and Debt Service Fund as appropriate.

**SECTION 6.** The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director may, subject to concurrence by the Interim City Manager or his designee, correct allocations to specific Cost Centers, WBS Elements, Internal Orders, General Ledger Accounts and Fund Numbers as necessary to carry out the purpose of this Ordinance.

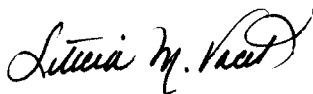
**SECTION 7.** This ordinance shall be effective on and after the tenth (10th) day after passage hereof.

PASSED AND APPROVED this 16th day of December, 2004.




M A Y O R  
EDWARD D. GARZA

ATTEST:



City Clerk

APPROVED AS TO FORM:

  
for City Attorney

# Agenda Voting Results

**Name:** 57.

**Date:** 12/17/04

**Time:** 12:48:05 AM

**Vote Type:** Multiple selection

**Description:** An Ordinance authorizing the termination of both the Assignment and Tax Phase-In Agreements with Alcoa, Inc. and approving the terms and authorizing the execution of a Settlement Agreement and Release effective October 1, 2004 that recaptures approximately \$430,944.00 in previously abated taxes. [Presented by Ramiro A. Cavazos, Director, Economic Development; Jelynn LeBlanc Burley, Assistant City Manager]

Voter	Group	Status	Yes	No	Abstain
ROGER O. FLORES	DISTRICT 1	Not present			
JOEL WILLIAMS	DISTRICT 2		x		
RON H. SEGOVIA	DISTRICT 3		x		
RICHARD PEREZ	DISTRICT 4		x		
PATTI RADLE	DISTRICT 5		x		
ENRIQUE M. BARRERA	DISTRICT 6		x		
JULIAN CASTRO	DISTRICT 7	Not present			
ART A. HALL	DISTRICT 8		x		
CARROLL SCHUBERT	DISTRICT 9		x		
CHIP HAASS	DISTRICT_10		x		
MAYOR ED GARZA	MAYOR		x		